

**Program Legislative Budget**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	567.75	0.00	3.00	570.75	0.00	5.00	572.75	572.75
Personal Services	23,773,529	2,123,495	900,163	26,797,187	2,200,011	2,200,084	28,173,624	54,970,811
Operating Expenses	9,178,091	752,589	267,837	10,198,517	1,115,939	335,460	10,629,490	20,828,007
Equipment	41,010	0	0	41,010	0	0	41,010	82,020
Grants	8,598,188	1,053,964	0	9,652,152	1,303,964	0	9,902,152	19,554,304
Benefits & Claims	31,322,620	7,192,219	7,117,069	45,631,908	7,885,001	2,950,471	42,158,092	87,790,000
Transfers	0	0	0	0	0	0	0	0
Debt Service	80,093	0	0	80,093	0	0	80,093	160,186
<b>Total Costs</b>	<b>\$72,993,531</b>	<b>\$11,122,267</b>	<b>\$8,285,069</b>	<b>\$92,400,867</b>	<b>\$12,504,915</b>	<b>\$5,486,015</b>	<b>\$90,984,461</b>	<b>\$183,385,328</b>
General Fund	36,594,770	5,875,617	987,722	43,458,109	6,697,470	2,037,994	45,330,234	88,788,343
State/Other Special	4,671,445	470,505	6,817,913	11,959,863	547,053	1,198,470	6,416,968	18,376,831
Federal Special	31,727,316	4,776,145	479,434	36,982,895	5,260,392	2,249,551	39,237,259	76,220,154
<b>Total Funds</b>	<b>\$72,993,531</b>	<b>\$11,122,267</b>	<b>\$8,285,069</b>	<b>\$92,400,867</b>	<b>\$12,504,915</b>	<b>\$5,486,015</b>	<b>\$90,984,461</b>	<b>\$183,385,328</b>

**Program Description**

The Addictive and Mental Disorders Division (AMDD) is responsible for providing alcohol and drug prevention services, treatment and aftercare services, and mental health treatment services. Alcohol and drug services are provided through inpatient and outpatient settings. Direct inpatient services are provided at the 76-bed Montana Chemical Dependency Center (MCDC) in Butte. Other inpatient, outpatient, and prevention services are provided through contracts with community-based programs around the state.

Community-based mental health services are delivered to eligible Medicaid and non-Medicaid individuals through a network of providers around the state. Non-Medicaid services are delivered through the Mental Health Services Plan (MHSP) to individuals with a serious and disabling mental illness with incomes up to 150 percent of the federal poverty level. Montana State Hospital (MSH) at Warm Springs (189 licensed beds) and the Montana Mental Health Nursing Care Center (nursing care center) at Lewistown (165 beds available / 75 beds budgeted) provide institutional services to individuals with mental illness. The services at MSH are typically of a short duration while services for residents at the nursing care center are considered to be long term.

Statutory references: mental health is in Title 53, Chapter 21, parts 1 through 7 and part 10, MCA, and P. L. 102-321, CFR. Chemical dependency is in Title 53, Chapters 1 and 24, MCA, and Part C, Title XIX of the Social Security Act.

**Program Highlights**

Addictive and Mental Disorders Division Major Budget Highlights	
♦	AMDD 2007 biennium appropriation increases \$37 million total funds (\$16 million general fund) over the biennium
♦	Adult mental health Medicaid services grows \$18 million total funds, including \$7 million general fund, over the biennium <ul style="list-style-type: none"> <li>• Service utilization and eligibility growth - \$10 million total funds, including \$5 million general fund</li> <li>• Program for Assertive Community Treatment (PACT) increases - \$5.0 million total funds, including \$1.5 million general fund</li> <li>• Additional community services expansion for 7 new intensive group</li> </ul>

<p>home beds and implementation of a home and community based waiver with 105 service slots in FY 2007 - \$3 million total funds, including \$0.9 million state special tobacco tax revenue (I-149 funds</p> <ul style="list-style-type: none"> <li>◆ Institutional personal services costs for 24 hour staffing and other operating cost increases - \$7 million total funds, including \$6 million general fund</li> <li>◆ Continuation of one-time funding for MHSP services - \$6.5 million tobacco state special revenue (I-149)</li> <li>◆ Funding for 5.00 new FTE for adult mental health services - \$0.3 million total funds</li> <li>◆ Pay plan (HB 447) - \$3 million total funds, including \$2.4 million general fund</li> </ul>
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### Program Narrative

The 2007 biennium appropriation for AMDD is \$37 million (\$16 million general fund) higher than the base budget. Most of the increase is in present law adjustments - \$24 million or about 63 percent. Present law adjustments for Medicaid caseload growth, including annualization of the increases for the PACT program, and overtime pay at state institutions are the major cost drivers. General fund supports about half of the \$24 million present law increase.

New proposals add about \$14 million (\$3 million general fund). The most significant appropriations for new proposals support 7 new intensive group home beds and 105 community based waiver service slots in FY 2007. Pay plan funding, driven largely by the number of state institution employees, adds about \$4 million over the biennium, almost entirely from general fund.

The legislature approved funding for 5.00 new FTE and directed that 2.00 of the FTE be used to help develop community crisis services.

Figure 41 shows the base budget compared to the 2007 biennium appropriation for AMDD by major function, state institution, grants, and benefits. Function components of the budget are broken out for the state institutions administered by AMDD as well as the individual grants and benefits. The appropriations for the functional components shown in Figure 41 do not combine to equal the total division budget.

Figure 41

## Addictive and Mental Disorders Division FY 2004 Base Expenditures and 2007 Biennium Appropriation

Budget Component					FY 2006 Executive Request				FY 2007 Executive Request				% of Ttl
Function/Benefit	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	Division
Total Division													
Division Admin.	\$407,856	\$21,944	\$441,997	\$871,797	\$1,195,373	\$94,631	\$495,711	\$1,785,715	\$2,253,747	\$215,972	\$523,834	\$2,993,553	3%
Mental Health*	36,186,914	1,454,869	23,556,090	61,197,873	42,222,883	8,291,890	28,457,743	78,972,516	43,076,487	2,510,505	30,303,178	75,890,170	83%
Addiction Services	0	3,194,632	7,729,229	10,923,861	39,853	3,573,342	8,029,441	11,642,636	0	3,690,491	8,410,247	12,100,738	13%
Total Division	\$36,594,770	\$4,671,445	\$31,727,316	\$72,993,531	\$43,458,109	\$11,959,863	\$36,982,895	\$92,400,867	\$45,330,234	\$6,416,968	\$39,237,259	\$90,984,461	100%
Percent of Total	50%	6%	43%	100%	47%	13%	40%	100%	50%	7%	43%	100%	
Compounded Annual Rate of Change from Base					9%	60%	8%	13%	7%	11%	7%	8%	
State Institution Costs													
State Hospital	\$20,657,664	\$383,988	\$0	\$21,041,652	\$22,376,957	\$438,389	\$0	\$22,815,346	\$22,688,493	\$437,591	\$0	\$23,126,084	25%
Nursing Care Center	5,742,424	0	0	5,742,424	6,789,670	0	0	6,789,670	6,867,733	0	0	6,867,733	8%
Chemical Dependency Cnt	0	2,587,566	374,796	2,962,362	0	2,828,583	488,600	3,317,183	0	2,858,039	541,382	3,399,421	4%
Subtotal Institutions	\$ 26,400,088	\$ 2,971,554	\$ 374,796	\$29,746,438	\$29,166,627	\$3,266,972	\$488,600	\$32,922,199	\$29,556,226	\$3,295,630	\$541,382	\$33,393,238	37%
% of Total Division Budget	72%	64%	1%	41%	67%	27%	1%	36%	65%	51%	1%	37%	
Compounded Annual Rate of Change from Base					5%	5%		5%	4%	4%		4%	
Grants													
Mental Health Services													
Mental Health Svrs Plan*	\$2,122,456	\$0	\$290,000	\$2,412,456	\$2,122,456	\$0	\$1,250,525	\$3,372,981	\$2,122,456	\$0	\$1,250,525	\$3,372,981	4%
PATH/Homeless Svrs	97,866	0	293,598	391,464	100,000	0	300,000	400,000	100,000	0	300,000	400,000	0%
Addiction Services													
Community Services	0	0	5,794,268	5,794,268	0	0	5,879,171	5,879,171	0	0	6,129,171	6,129,171	7%
Subtotal Grants	\$2,220,322	\$0	\$6,377,866	\$8,598,188	\$2,222,456	\$0	\$7,429,696	\$9,652,152	\$2,222,456	\$0	\$7,679,696	\$9,902,152	11%
% of Total Division Budget	6%	0%	20%	12%	5%	0%	20%	10%	5%	0%	20%	11%	
Compounded Annual Rate of Change from Base					0%	n/a	8%	6%	0%	n/a	6%	5%	
Benefits/Services													
Medicaid													
Mental Health*	\$5,088,665	\$1,070,881	\$22,244,257	\$28,403,803	\$8,333,103	\$1,353,501	\$26,099,739	\$35,786,343	\$8,751,677	\$2,072,914	\$27,880,420	\$38,705,011	43%
Addiction Services	0	359,112	1,100,334	1,459,446	0	493,997	1,192,576	1,686,573	0	542,470	1,270,596	1,813,066	2%
Other Benefits													
Mental Health Svrs Plan*	1,728,648	2,611,837	0	4,340,485	1,658,992	6,500,000	0	8,158,992	1,640,015	0	0	1,640,015	2%
Subtotal Benefits	\$6,817,313	\$4,041,830	\$23,344,591	\$34,203,734	\$9,992,095	\$8,347,498	\$27,292,315	\$45,631,908	\$10,391,692	\$2,615,384	\$29,151,016	\$42,158,092	46%
% of Total Division Budget	19%	87%	74%	47%	23%	70%	74%	49%	23%	41%	74%	46%	
Compounded Annual Rate of Change from Base					21%	44%	8%	16%	15%	-14%	8%	7%	

\*Mental Health Services Plan expenditures include the one-time appropriation of tobacco settlement proceeds from the Prevention and Stabilization Account that was removed from the FY 2004 base budget.

The FY 2006 appropriation is a biennial appropriation that will be allocated part to MHSP in FY 2006 and fully as Medicaid match in FY 2007 if the HIFA waiver is granted.

The mental health function has the largest budget, accounting for 83 percent of the FY 2007 appropriation. Addiction services follows with the 13 percent of the appropriation, and division administration comprises 3 percent.

The three state institutions managed by the division receive 37 percent of the division funding and mental health Medicaid services for adults uses 43 percent. Grants to state approved chemical dependency providers account for 7 percent of the FY 2007 appropriation. The state funded Mental Health Services Plan (MHSP) gets 6 percent of the division appropriation if both grants and benefits are added together. Medicaid addiction services receive 2 percent.

The appropriation for state institutions increases about \$3 million a year over base budget expenditures. Most of the increase is in overtime pay to provide 24-hour staffing. Overtime pay is removed from base budget expenditures. Operating cost increases for medical and food services also contribute to the growth.

Appropriations for grants rise about \$0.9 million from the FY 2004 base to the FY 2007 appropriation due largely to anticipated federal grant increases for chemical dependency services.

The most significant funding growth occurs in adult mental health Medicaid services, which rise from a base expenditure level of about \$28 million to nearly \$39 million in FY 2007, including \$4 million in general fund and \$1 million in state special revenue. Eligibility increases and growth in service utilization, as well as expansion of community services are the cost drivers.

The appropriation for the Mental Health Services Plan (MHSP) increases slightly over the biennium. The \$6.5 million state special revenue appropriation shown in Figure 41 is a biennial appropriation that will provide MHSP services in FY 2006 and the state match for a Medicaid service expansion in FY 2007. The legislature endorsed the executive proposal to implement a HIFA (Health Insurance Flexibility and Accountability) waiver as part of Medicaid redesign, which is discussed in greater detail in the agency overview.

### *Community Crisis Services*

Development of community crisis services was one of the major adult mental health policy issues discussed by the legislature. The legislature passed a resolution for an interim study of crisis services (SJR 41) and also structured appropriations to help provide adequate funding for mental health services, with the potential that there may be funding to direct to crisis services.

The legislature approved the executive budget proposal for the state hospital, the nursing care center, adult mental health Medicaid services, MHSP, and community services expansions as presented, with two changes. The legislature, while accepting the personal services funding reduction, did not accept removal of FTE as proposed in the executive budget. The legislature directed that 2.00 of the new FTE must work on crisis services.

The legislature discussed the potential impact of the Medicare Modernization Act (MMA) on MHSP. Since a portion of MHSP recipients are Medicare eligible, if they sign up for the Medicare Part D drug benefit they can receive their mental health drugs through Medicare rather than MHSP. The legislature did not reduce the MHSP appropriation despite the potential for savings. The Health and Human Services Joint Appropriations Subcommittee discussed the potential for MHSP savings and diversion of funds to support crisis services.

### **Biennial Comparison**

Figure 42 shows the 2005 biennium expenditures and appropriations compared to the 2007 biennium appropriation, which is 18 percent higher. Although general fund grows only 17 percent between biennia, the total general fund appropriation for the 2007 biennium is \$13 million and much higher than the dollar change in other funds. State special revenue shows the largest percentage increase (84 percent) due primarily to the appropriation of tobacco tax state special revenue (I-149). About half the growth in state special revenue is removal of a one time \$6.5 million state special revenue appropriation for MHSP services that is continued in the 2007 biennium.

**Figure 42**  
2005 Biennium Compared to 2007 Biennium  
Addictive and Mental Disorders Division

Budget Item/Fund	2005 Biennium	2007 Biennium	Percent of Total	Difference	Percent Change
FTE	567.75	572.75		5.00	
Personal Services	\$49,418,737	\$54,970,811	30%	\$5,552,074	11%
Operating	18,622,018	20,828,007	11%	2,205,989	12%
Equipment	76,751	82,020	0%	5,269	7%
Grants	14,649,757	19,554,304	11%	4,904,547	33%
Benefits/Claims	72,197,662	87,790,000	48%	15,592,338	22%
Debt Service	124,595	160,186	0%	35,591	29%
<b>Total Costs</b>	<b>\$155,089,520</b>	<b>\$183,385,328</b>	<b>100%</b>	<b>\$28,295,808</b>	<b>18%</b>
General Fund	\$75,702,771	\$88,788,343	48%	\$13,085,572	17%
State Special	9,977,755	18,376,831	10%	8,399,076	84%
Federal Funds	69,408,994	76,220,154	42%	6,811,160	10%
<b>Total Funds</b>	<b>\$155,089,520</b>	<b>\$183,385,328</b>	<b>100%</b>	<b>\$28,295,808</b>	<b>18%</b>

Although grant appropriations show the largest percentage increase between biennia, the largest dollar increase is in benefits. Grant appropriations rise in anticipation of growth in federal chemical dependency funding. Benefit appropriations rise due to Medicaid eligibility and service expansion and MHSP funding. Personal services funding rises due to pay plan allocations, and funding for overtime and 5.00 new FTE.

### Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table Addictive & Mental Disorders Division					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 36,594,770	50.1%	\$ 43,458,109	47.0%	\$ 45,330,234	49.8%
	01100 General Fund	36,594,770	50.1%	43,458,109	47.0%	45,330,234	49.8%
02000	Total State Special Funds	4,671,445	6.4%	11,959,863	12.9%	6,416,968	7.1%
	02034 Earmarked Alcohol Funds	3,269,632	4.5%	3,721,868	4.0%	3,957,746	4.3%
	02053 Medicaid Nursing Home Match	1,043,222	1.4%	1,043,222	1.1%	1,043,222	1.1%
	02384 02 Indirect Activity Prog 33	21,944	0.0%	21,105	0.0%	23,717	0.0%
	02691 6901-Msh/Doc Maint Agreement	308,988	0.4%	363,389	0.4%	362,591	0.4%
	02772 Tobacco Hlth & Medicd Initiative	-	-	6,782,620	7.3%	1,002,033	1.1%
	02987 Tobacco Interest	27,659	0.0%	27,659	0.0%	27,659	0.0%
03000	Total Federal Special Funds	31,727,316	43.5%	36,982,895	40.0%	39,237,259	43.1%
	03500 Adad - Needs Asm Study	165,097	0.2%	-	-	-	-
	03505 93.150 - Mntal Hlth - Homeless	293,598	0.4%	300,000	0.3%	300,000	0.3%
	03507 93.958 - Mntal Hlth - Blk Grt	290,000	0.4%	1,250,525	1.4%	1,250,525	1.4%
	03508 93.959 - Adad - Blk Grt 100%	6,450,912	8.8%	6,776,353	7.3%	7,079,152	7.8%
	03580 6901-93.778 - Med Adm 50%	741,121	1.0%	876,515	0.9%	955,462	1.1%
	03583 93.778 - Med Ben Fmap	23,344,591	32.0%	27,292,315	29.5%	29,151,016	32.0%
	03601 03 Indirect Activity Prog 33	381,128	0.5%	351,877	0.4%	364,996	0.4%
	03684 6901-Data Infrastructure93-230	60,869	0.1%	135,310	0.1%	136,108	0.1%
Grand Total		\$ 72,993,531	100.0%	\$ 92,400,867	100.0%	\$ 90,984,461	100.0%

The Addictive and Mental Disorders Division (AMDD) is supported by a combination of general fund, state special revenue, and federal funds. General fund supports about 50 percent of division appropriation, but increases from \$37 million in the base budget to about \$45 million in FY 2007.

The largest share of general fund supports two state institutions – Montana State Hospital (MSH) and Lewistown nursing care center – incurring \$26 million in costs in FY 2004, rising to \$30 million in FY 2007.

General fund also pays the state match for mental health Medicaid benefits, accounting for \$5 million of base budget funding and rising to nearly \$9 million in FY 2007. About \$3 million of the biennial general fund increase is due to higher state Medicaid matching rates, including the offset for the temporary increase in federal match rate during FY 2004. General fund (about \$3 million annually) supports about half of the cost of the state funded Mental Health Services Plan (MHSP) each year of the 2007 biennium. Annualization of Program for Assertive Community Treatment (PACT) increases in FY 2005 add \$1.5 million general fund over the biennium.

Federal funds support 43 percent of the division appropriation. Federal funds support Medicaid caseload increases and annualization of start up costs for new services, including group home and PACT programs.

The single largest source of federal revenue is federal match for Medicaid services and administration, accounting for 33 percent (\$24 million) of base budget funding and decreasing to 33 percent of FY 2007 funding despite growing to \$30 million. The next most significant source of federal funding is the federal block grant for Addiction Disorders and Diseases, which accounts for 8 percent (\$7 million) of the FY 2007 amount. This block grant supports Montana Chemical Dependency Center (MCDC) and local state approved chemical dependency programs.

There are three mental health block grants. One supports outreach and services for mentally ill homeless persons (\$0.3 million per year) and requires a 25 percent state match. Another supports development of a management information system (\$0.1 million per year).

The third federal mental health block grant is about \$1 million per year and requires a state maintenance of effort (MOE). The MOE is based on the average of two years of state expenditures for certain types of mental health services, predominantly community services. Since the Mental Health Service Program (MHSP) was scaled back from the 2003 biennium and since mental health service reductions were implemented to contain general fund costs within budgeted amounts, DPHHS did not meet the required MOE in FY 2004. AMDD staff estimate that the MOE will be met in FY 2005 and FY 2006. Meeting the MOE requirement in FY 2007 could be problematic because \$3.25 million of state special revenue supporting MHSP is slated to be used for Medicaid match for the HIFA (Health Insurance Flexibility and Accountability) waiver and some of the services to be funded will not count toward mental health services MOE. The HIFA waiver proposal is discussed in greater detail in the agency overview.

State special revenue supports 6 percent of base budget expenditures, rising to 7 percent in fiscal 2007 largely due to appropriations from I-149 revenues for expansions in community mental health services. The legislature approved the executive request for \$6.5 million of tobacco state special revenue (I-149) to support MHSP. One-time expenditures of tobacco settlement revenues of nearly \$3 million to support mental health prescription drug costs in FY 2004 were removed from the base budget because they were supported by a one-time diversion of tobacco settlement revenue in SB 495 passed by the 2003 Legislature, (17-6-606, MCA).

The legislature approved the use of MHSP funds in FY 2007 to implement the proposed HIFA waiver, which is discussed in more detail in the agency overview of Medicaid redesign proposals.

### *Alcohol Tax Funds*

Alcohol tax revenues provide about 4 percent of division funding. DPPHS receives portions of wine and beer taxes and liquor license tax revenue, which are deposited into a state special revenue account. Figure 43 shows appropriations and revenues for the account over the 2005 and 2007 biennia. While DPHHS and local providers receive nearly all of the appropriations made from the account, other agencies also receive funds. So balances shown in Figure 43 will not tie to the division funding table.

Alcohol tax revenues allocated to DPHHS are expected to increase about \$0.5 million from the FY 2004 base through the 2007 biennium (from \$5.3 million to \$5.8 million). Expenditures from the fund are expected to grow from \$5.2 million to \$6.0 million.

The major expenditure from alcohol state special revenue is for support of the MCDC - about \$3 million annually (51 percent of the total alcohol tax funding). Since revenue is projected to be less than expenditures, the legislature accepted the executive proposal to fund a small portion MCDC operations from the general fund (about \$40,000 in FY 2006).

There are two statutory appropriations of alcohol tax revenues (53-24-109(1)(a) and (1)(b), MCA):

- 1) 20 percent is distributed to county programs; and
- 2) 6.6 percent is distributed to county programs that serve persons with a mental illness and a chemical dependency.

About 9 percent of the alcohol state special revenue is appropriated to support Medicaid chemical dependency services and administration and about 5 percent of the total supports AMDD administration of non-Medicaid chemical dependency services. About 2 percent supports cost allocated administration in AMDD and other programs in DPHHS. The balance of the legislative appropriation from alcohol tax funds is:

- o Department of Justice – personal service costs of scientists and chemists who analyze blood and urine samples in connection with driving under the influence (DUI) cases at the Missoula crime lab
- o Quality Assurance Division, DPHHS – licensure of state approved chemical dependency programs
- o Montana State Hospital – personal services costs for chemical dependency counselors to provide services to MSH patients who are chemically dependent
- o Department of Corrections – the chemical dependency program at Riverside
- o Department of Labor and Industry – operating and staff costs for Professional and Occupational Licensing (POL) for addiction counselors

Legislative staff raised two issues related to the alcohol state special revenue fund for legislative consideration: 1) legality of uses of the fund; and 2) ending fund balance. The legislature received a staff legal opinion that all uses except those funded in other divisions within DPHHS meet the statutory requirement for use of alcohol funds. The legislature did not take action to address those uses.

The legislature partially offset the projected shortfall in alcohol tax funds by appropriating about \$40,000 general fund in FY 2006 and reducing the executive request for alcohol tax funds by \$40,000 per year. However, the legislature did not consider potential pay plan allocations from the fund to support MCDC and other division administrative costs. Therefore, appropriations are in excess of projected revenues by about \$0.4 million by the end of FY 2007.

Staff presentation of the deficit issue included options to remove some appropriations from the fund and to increase taxes. The legislature did reduce some appropriations and considered legislation to raise alcohol taxes, which did not pass.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions

Figure 43

Earmarked Alcohol Tax Revenue and Expenditures  
FY 2004 Actuals Through FY 2007 Appropriation

Revenue/Expenditures	Actual FY 2004*	Appropriated FY 2005*	2007 Biennium FY 2006	Appropriation FY 2007	% of Total
<b>Fund Balance</b>					
Beginning Balance	(\$10,968)	\$241,506	(\$73,537)	(\$188,332)	
<b>Revenues</b>					
Liquor License	\$3,681,104	\$3,818,000	\$3,959,000	\$4,106,000	71%
Beer Tax	896,046	906,000	923,000	939,000	16%
Wine Tax	651,819	658,000	681,000	704,000	12%
Cost Recovery for MCDC*	50,000	52,952	53,470	53,993	1%
<b>Total Revenue</b>	<b>\$5,278,969</b>	<b>\$5,434,952</b>	<b>\$5,616,470</b>	<b>\$5,802,993</b>	<b>100%</b>
Annual Percent Change	8%	3%	3%	3%	
<b>Total Funds Available</b>	<b>\$5,268,001</b>	<b>\$5,676,458</b>	<b>\$5,542,933</b>	<b>\$5,614,661</b>	
<b>Disbursements</b>					
Chemical Dependency Cntr (MCDC)	\$2,587,566	\$2,627,900	\$2,862,256	\$3,050,294	51%
Distribution to Counties	1,072,084	1,422,431	1,112,600	1,149,800	19%
Services for Dually Diagnosed	354,552	354,552	367,158	379,434	6%
CD Medicaid Services/Admin.	359,112	430,609	493,997	542,470	9%
Justice - Crime Lab DUI Tests	303,204	303,204	303,204	303,204	5%
CD Operations	247,848	287,032	291,884	293,289	5%
Cost Allocated Admin.	111,494	111,494	111,494	111,494	2%
Montana State Hospital	75,000	75,339	75,000	75,000	1%
Quality Assurance-Licensure	52,727	67,824	52,244	52,129	1%
Department of Corrections-Pine Hills	25,523	25,523	25,523	25,523	0%
Department of Labor - POL Board	25,243	44,087	35,905	35,466	1%
CD Benefits - NonMedicaid	106	0	0	0	0%
<b>Total Disbursements</b>	<b>\$5,214,459</b>	<b>\$5,749,995</b>	<b>\$5,731,265</b>	<b>\$6,018,103</b>	<b>100%</b>
Adjustments	\$187,964	\$0	\$0	\$0	
<b>Ending Fund Balance</b>	<b>\$241,506</b>	<b>(\$73,537)</b>	<b>(\$188,332)</b>	<b>(\$403,442)</b>	

\*Revenue estimates are those adopted by the legislature in HJR 2, except for MCDC cost recovery, which is based on AMDD estimates. FY 2005 costs are based on AMDD budget allocations and legislative appropriations for other agencies and DPHHS divisions.

on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Each of the present law adjustments and new budget proposals is discussed within the budget presentation for each of the major functions in AMDD: mental health services, chemical dependency services, and division administration.



Present Law Adjustments											
-----Fiscal 2006-----					-----Fiscal 2007-----						
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services					1,745,405					1,819,970	
Vacancy Savings					(1,020,739)					(1,023,718)	
Inflation/Deflation					55,368					39,830	
Fixed Costs					(153,385)					(88,510)	
Total Statewide Present Law Adjustments					\$626,649						\$747,572
DP 19 - Medicaid Caseload - Mental Health	0.00	1,187,099	0	3,031,886	4,218,985	0.00	1,369,587	0	3,185,573	4,555,160	
DP 26 - FMAP Enhancement Adjustment - Mental Health	0.00	725,924	0	(725,924)	0	0.00	725,924	0	(725,924)	0	
DP 32 - FMAP Adjustment - Mental Health	0.00	547,120	0	(547,120)	0	0.00	711,256	0	(711,256)	0	
DP 46 - Montana State Hospital Base Funding Adjustments	0.00	1,324,307	0	0	1,324,307	0.00	1,324,307	0	0	1,324,307	
DP 48 - MT Mental Health Nursing Care Center Base Adj	0.00	291,238	0	0	291,238	0.00	291,238	0	0	291,238	
DP 51 - PACT Caseload	0.00	745,152	0	1,731,678	2,476,830	0.00	861,684	0	1,845,260	2,706,944	
DP 55 - Division Central Office Rent	0.00	2,783	139	1,716	4,638	0.00	4,217	211	2,600	7,028	
DP 62 - Montana State Hospital Present Law Adjustments	0.00	523,818	0	0	523,818	0.00	746,455	0	0	746,455	
DP 63 - MT Mental Health Nursing Care Ctr Present Law Adj	0.00	161,066	0	0	161,066	0.00	190,087	0	0	190,087	
DP 97 - MT Chemical Dependency Center Present Law Adj	0.00	0	0	100,084	100,084	0.00	0	0	160,049	160,049	
DP 99 - Medicaid Caseload - Chemical Dependency	0.00	0	66,525	160,602	227,127	0.00	0	105,803	247,817	353,620	
DP 103 - FMAP Enhancement Adjustment - Chemical Dependency	0.00	0	37,712	(37,712)	0	0.00	0	37,712	(37,712)	0	
DP 104 - FMAP Adjustment - Chemical Dependency	0.00	0	30,648	(30,648)	0	0.00	0	39,843	(39,843)	0	
DP 105 - MT Chemical Dependency Center Base Adjustments	0.00	0	17,704	13,720	31,424	0.00	0	24,887	6,537	31,424	
DP 107 - Continue Data Infrastructure and Integration Grant	0.00	0	0	75,000	75,000	0.00	0	0	75,000	75,000	
DP 126 - Mental Health Block Grant	0.00	0	0	960,525	960,525	0.00	0	0	960,525	960,525	
DP 132 - Substance Abuse Prevention Treatment Increase	0.00	0	0	250,000	250,000	0.00	0	0	500,000	500,000	
DP 179 - Discontinue State Incentive Grant Authority	0.00	0	0	(165,097)	(165,097)	0.00	0	0	(165,097)	(165,097)	
DP 180 - Authority to Maximize PATH Grant	0.00	2,134	0	6,402	8,536	0.00	2,134	0	6,402	8,536	
DP 181 - Correct Accounting Error	0.00	0	269,277	0	269,277	0.00	0	269,277	0	269,277	
DP 9999 - Statewide FTE Reduction	0.00	(241,164)	(3,360)	(17,616)	(262,140)	0.00	(235,974)	(3,389)	(17,847)	(257,210)	
Total Other Present Law Adjustments											
	0.00	\$5,269,477	\$418,645	\$4,807,496	\$10,495,618	0.00	\$5,990,915	\$474,344	\$5,292,084	\$11,757,343	
Grand Total All Present Law Adjustments					\$11,122,267						\$12,504,915

## New Proposals

New Proposals										
Program	FTE	-----Fiscal 2006-----				-----Fiscal 2007-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - MT Mental Health Nursing Care Center Bed Tax										
33	0.00	180,127	0	0	180,127	0.00	211,915	0	0	211,915
DP 58 - Enhance Community Psychiatric Access										
33	0.00	66,987	0	161,715	228,702	0.00	68,428	0	160,274	228,702
DP 70 - Regional Staffing and Operating										
33	3.00	0	0	97,500	97,500	5.00	0	0	162,501	162,501
DP 86 - Staff Training to Reduce Violence and Improve Comm										
33	0.00	35,000	0	0	35,000	0.00	35,000	0	0	35,000
DP 193 - Chemical Dependency Admin Fund Switch										
33	0.00	39,853	(39,853)	0	0	0.00	0	0	0	0
DP 3002 - Mental Health Services										
33	0.00	0	6,500,000	0	6,500,000	0.00	0	0	0	0
DP 3008 - Medicaid Adult Mental Health										
33	0.00	0	198,429	0	198,429	0.00	0	198,429	0	198,429
DP 3707 - Expand Intensive Community-Based Rehabilitation										
33	0.00	0	84,191	203,247	287,438	0.00	0	172,003	402,872	574,875
DP 3708 - Develop Home and Community-Based Waiver										
33	0.00	0	0	0	0	0.00	0	631,601	1,479,364	2,110,965
DP 6010 - 2007 Biennium Pay Plan - HB 447										
33	0.00	665,755	75,146	16,972	757,873	0.00	1,722,651	196,437	44,540	1,963,628
<b>Total</b>	<b>3.00</b>	<b>\$987,722</b>	<b>\$6,817,913</b>	<b>\$479,434</b>	<b>\$8,285,069</b>	<b>5.00</b>	<b>\$2,037,994</b>	<b>\$1,198,470</b>	<b>\$2,249,551</b>	<b>\$5,486,015</b>

**Adult Mental Health Services Legislative Budget**

The following table summarizes the legislative appropriation for mental health services managed by AMDD. The table shows appropriations by year, type of expenditure, and source of funding.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	498.50	0.00	3.00	501.50	0.00	5.00	503.50	503.50
Personal Services	20,675,167	2,012,749	142,290	22,830,206	2,085,063	236,456	22,996,686	45,826,892
Operating Expenses	7,483,092	569,822	267,837	8,320,751	853,682	335,460	8,672,234	16,992,985
Equipment	41,010	0	0	41,010	0	0	41,010	82,020
Grants	2,803,920	969,061	0	3,772,981	969,061	0	3,772,981	7,545,962
Benefits & Claims	30,132,451	6,695,815	7,117,069	43,945,335	7,262,104	2,950,471	40,345,026	84,290,361
Debt Service	62,233	0	0	62,233	0	0	62,233	124,466
<b>Total Costs</b>	<b>\$61,197,873</b>	<b>\$10,247,447</b>	<b>\$7,527,196</b>	<b>\$78,972,516</b>	<b>\$11,169,910</b>	<b>\$3,522,387</b>	<b>\$75,890,170</b>	<b>\$154,862,686</b>
General Fund	36,186,914	5,753,855	282,114	42,222,883	6,574,230	315,343	43,076,487	85,299,370
State/Other Special	1,454,869	54,401	6,782,620	8,291,890	53,603	1,002,033	2,510,505	10,802,395
Federal Special	23,556,090	4,439,191	462,462	28,457,743	4,542,077	2,205,011	30,303,178	58,760,921
<b>Total Funds</b>	<b>\$61,197,873</b>	<b>\$10,247,447</b>	<b>\$7,527,196</b>	<b>\$78,972,516</b>	<b>\$11,169,910</b>	<b>\$3,522,387</b>	<b>\$75,890,170</b>	<b>\$154,862,686</b>

**Adult Mental Health Services**

The AMDD adult mental health appropriation grows \$31 million over the biennium, with about 42 percent of the increase in general fund and 25 percent in state special revenue, primarily from appropriations of tobacco tax increases enacted by the passage of I-149. The adult mental health function is 84 percent of the total 2007 biennial appropriation and includes 503.50 of the 572.75 total FTE funded for the division. Appropriations for adult mental health services support two state institutions, which include 492.50 FTE and about \$59 million of the \$64 million appropriated for adult mental health personal services and operating costs during the 2007 biennium. Appropriations for adult mental health Medicaid benefits total about \$74 million, or 88 percent of the \$84 million biennial appropriation for direct mental health services provided to eligible adults. The remaining 12 percent of adult mental health services appropriations support the state funded Mental Health Services Plan (MHSP). MHSP was funded from a one-time appropriation of tobacco settlement revenues in the 2005 biennium, so costs for that program were removed from the base budget.

Biennial appropriations for adult mental health services increase for the following primary reasons:

- Medicaid caseload and service utilization - \$9 million total (\$3 million general fund)
- MSHP - \$6.5 million of tobacco state special revenue from tax increases authorized by I-149
- Overtime and operating cost increases for two state mental health institutions - \$5 million general fund
- Annualization of increases for the Program for Assertive Community Treatment (PACT) - \$5 million total (\$2 million general fund)
- New community services, including seven intensive group home beds and in FY 2007 implementation of a home and community based waiver similar to those operated for elderly and physically disabled persons – \$3 million total (\$1 million state special revenue from tobacco tax increases authorized by I-149)

Funding for FTE increases to support 5.00 new FTE for adult mental health services. The legislature added language to HB 2 directing that 2.00 of the new FTE were to focus on development of community crisis services to help maintain persons in the community and to help lower admissions to the state hospital.

Although total funds are not affected, a funding switch due to federal Medicaid match rate reductions increases general fund \$3 million and reduces federal funds by a like amount. The federal match rate change and the institution cost increases contribute to the \$85 million general fund appropriation.

Figure 44 shows the individual components and total change for Medicaid adult mental health services funding approved by the legislature. The effect of the federal match rate changes is clearly illustrated by the relative increase in general fund and state special revenue compared to federal funds. General fund grows 64 and 72 percent respectively in FY 2006 and FY 2007 compared to base budget expenditures, while federal funds increase 17 and 25 percent respectively.

Figure 44 Total Adult Mental Health Medicaid Appropriation - Addictive and Mental Disorders Division								
Base Budget, Present Law and New Proposal Decision Packages	FY 2006				FY 2007			
	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total
<b>FY 2004 Base Budget</b>	\$5,088,665	\$1,070,881	\$22,244,257	\$28,403,803	\$5,088,665	\$1,070,881	\$22,244,257	\$28,403,803
<u>Present Law Changes</u>								
DP 19 - Caseload Change	\$1,187,099	\$0	\$3,031,886	\$4,218,985	\$1,369,587	\$0	\$3,185,573	\$4,555,160
DP 26 - Enhanced Federal Match Rate	725,924	0	(725,924)	0	725,924	0	(725,924)	0
DP 32 - FMAP Adj. - 2007 Biennium	547,120	0	(547,120)	0	711,256	0	(711,256)	0
DP 58 - PACT Caseload Expansion	717,308	0	1,731,678	2,448,986	787,817	0	1,845,260	2,633,077
Subtotal Present Law Appropriation	<u>\$8,266,116</u>	<u>\$1,070,881</u>	<u>\$25,734,777</u>	<u>\$35,071,774</u>	<u>\$8,683,249</u>	<u>\$1,070,881</u>	<u>\$25,837,910</u>	<u>\$35,592,040</u>
Percent Increase Over Base Budget	62%	0%	16%	23%	71%	0%	16%	25%
<u>New Proposal Changes</u>								
NP 58 - Enhance Psychiatric Access	\$66,987	\$0	\$161,715	\$228,702	\$68,428	\$0	\$160,274	\$228,702
NP 3008 - Medicaid Adult Mental Health	0	198,429	0	198,429	0	198,429	0	198,429
NP 3703 - Expand Intensive Community Based Rehabilitation - 7 Beds	0	84,191	203,247	287,438	0	172,003	402,872	574,875
NP 3708 - Home/Comm. Waiver - 105 Slots	0	0	0	0	0	631,601	1,479,364	2,110,965
Subtotal New Proposals	<u>\$66,987</u>	<u>\$282,620</u>	<u>\$364,962</u>	<u>\$714,569</u>	<u>\$68,428</u>	<u>\$1,002,033</u>	<u>\$2,042,510</u>	<u>\$3,112,971</u>
Total Adult Mental Health - Medicaid	<u>\$8,333,103</u>	<u>\$1,353,501</u>	<u>\$26,099,739</u>	<u>\$35,786,343</u>	<u>\$8,751,677</u>	<u>\$2,072,914</u>	<u>\$27,880,420</u>	<u>\$38,705,011</u>
Total Annual Change Over Base Budget	<u>\$3,244,438</u>	<u>\$282,620</u>	<u>\$3,855,482</u>	<u>\$7,382,540</u>	<u>\$3,663,012</u>	<u>\$1,002,033</u>	<u>\$5,636,163</u>	<u>\$10,301,208</u>
Percent Increase Over Base Budget	64%	26%	17%	26%	72%	94%	25%	36%
Biennial Increase Over Base Budget					<u>\$6,907,450</u>	<u>\$1,284,653</u>	<u>\$9,491,645</u>	<u>\$17,683,748</u>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				1,498,549					1,568,094	
Vacancy Savings				(886,931)					(889,708)	
Inflation/Deflation				55,992					40,432	
Fixed Costs				(171,054)					(123,292)	
Total Statewide Present Law Adjustments				\$496,556					\$595,526	
DP 19 - Medicaid Caseload - Mental Health	0.00	1,187,099	0	3,031,886	4,218,985	0.00	1,369,587	0	3,185,573	4,555,160
DP 26 - FMAP Enhancement Adjustment - Mental Health	0.00	725,924	0	(725,924)	0	0.00	725,924	0	(725,924)	0
DP 32 - FMAP Adjustment - Mental Health	0.00	547,120	0	(547,120)	0	0.00	711,256	0	(711,256)	0
DP 46 - Montana State Hospital Base Funding Adjustments	0.00	1,324,307	0	0	1,324,307	0.00	1,324,307	0	0	1,324,307
DP 48 - MT Mental Health Nursing Care Center Base Adjustment	0.00	291,238	0	0	291,238	0.00	291,238	0	0	291,238
DP 51 - PACT Caseload	0.00	745,152	0	1,731,678	2,476,830	0.00	861,684	0	1,845,260	2,706,944
DP 62 - Montana State Hospital Present Law Adjustments	0.00	523,818	0	0	523,818	0.00	746,455	0	0	746,455
DP 63 - MT Mental Health Nursing Care Center Present Law Adjustment	0.00	161,066	0	0	161,066	0.00	190,087	0	0	190,087
DP 126 - Mental Health Block Grant	0.00	0	0	960,525	960,525	0.00	0	0	960,525	960,525
DP 180 - Authority to Maximize PATH Grant	0.00	2,134	0	6,402	8,536	0.00	2,134	0	6,402	8,536
DP 9999 - Statewide FTE Reduction	0.00	(214,414)	0	0	(214,414)	0.00	(208,868)	0	0	(208,868)
Total Other Present Law Adjustments										
	0.00	\$5,293,444	\$0	\$4,457,447	\$9,750,891	0.00	\$6,013,804	\$0	\$4,560,580	\$10,574,384
Grand Total All Present Law Adjustments				\$10,247,447					\$11,169,910	

DP 19 - Medicaid Caseload - Mental Health - The legislature added about \$9 million (including \$2.5 million general fund) over the biennium to fund growth in service utilization and the number of adults eligible for Medicaid mental health services. Base budget expenditures were \$28.4 million.

DP 26 - FMAP Enhancement Adjustment - Mental Health - The federal Jobs and Growth Tax Relief Reconciliation Act temporarily increased the federal Medicaid match rate by 2.95 percent during FY 2004. The legislature approved close to \$1.5 million general fund and an offsetting decrease of federal funds for the biennium to reflect the removal of the enhanced federal match rate in FY 2006 and FY 2007. DP 103 includes funding changes for the same issue for chemical dependency Medicaid services.

DP 32 - FMAP Adjustment - Mental Health - The legislature added about \$1.3 million general fund over the biennium, with an offsetting decrease in federal funds, due to projected reductions in the federal Medicaid rates for FY 2006 and FY 2007. Medicaid match rates are adjusted annually based on changes in state per capita income compared to the national change. The federal match rate for Montana declined from 72.81 percent in FY 2004 (after adjusting for the enhanced rate in DP 26) to 70.71 percent in FY 2006 and 70.08 percent in FY 2007. This funding switch maintains base level Medicaid expenditures for mental health services and does not include any funding for eligibility or service utilization changes during the 2007 biennium. DP 104 includes funding changes for the same issue in chemical dependency Medicaid services.

DP 46 - Montana State Hospital Base Funding Adjustments - The legislature added \$2.7 million general fund over the biennium for personal services costs that were removed from the FY 2004 base budget including overtime, differential, holidays worked, holiday pay (compensation according to union contracts), physician on-call, and aggregate FTE funding. These costs are incurred in operating a medical facility with 24 hour staffing and are zero based. FY 2004 base budget amounts were \$1,324,307.

DP 48 - MT Mental Health Nursing Care Center Base Adjustment - The legislature approved \$0.6 million general fund for personal services costs that were removed from the FY 2004 base budget for Montana Mental Health Nursing Care Center (MMHNCC), including overtime, differential, and holidays worked. These are costs related to operating a medical facility with 24 hour staffing. Aggregate positions are used to provide coverage for staff on sick leave, vacation leave, and in nurse aide training classes. The request for \$582,476 general fund for the 2007 biennium is the difference between actual hours worked and budgeted FTE hours. FY 2004 base budget amounts were \$291,238.

DP 51 - PACT Caseload - The legislature approved and restricted appropriations of \$3 million general fund and \$6 million federal funds over the biennium to support base level and additional Program for Assertive Community Treatment (PACT) services started during FY 2005 as well as the expansion approved for the 2007 biennium. This adjustment constitutes about half of the total amount for PACT appropriations and represents costs to annualize FY 2005 PACT growth. Base year expenditures include two PACT programs with 140 slots. Beginning in FY 2005, PACT grew to five programs with an expected capacity of 290 slots by the beginning of FY 2006. The legislature added another 60 slots over the 2007 biennium for a total of 350 slots in FY 2007. Figure 45 shows the anticipated program capacity by location.

Figure 45 PACT Programs and Number of Service Slots by Fiscal Year				
PACT Sites	2004	2005	2006	2007
Billings	70	70	70	70
Helena	70	70	70	70
Kalispell	0	50	65	70
Missoula	0	50	65	70
Great Falls	0	50	65	70
Total	140	290	335	350
% Over Base		107%	139%	150%

Base year Medicaid costs for PACT were \$1.7 million. This adjustment more than doubles the funding for PACT services.

DP 62 - Montana State Hospital Present Law Adjustments - The legislature approved nearly \$1.3 million general fund over the biennium for several cost increases at the state hospital. The funds support inflation in outside medical services for treatment of MSH clients for other medical problems, pharmacy costs, and contract costs with the Montana State Prison for cook-chill meals, and other replacement equipment and fire department costs. Cost increases for pharmacy and medical costs are estimated at 10 percent annually from the base budget and 5 percent annually for the cook/chill contract with the state prison.

DP 63 - MT Mental Health Nursing Care Center Present Law Adjustment - The legislature added \$351,153 general fund over the biennium for the Montana Mental Health Nursing Care Center for:

- Pharmacy and prescription fees - \$255,923 biennial increase; FY 2004 base was \$496,164
- Outside medical services - \$42,830 biennial increase; FY 2004 base was \$79,169
- Replacement equipment - \$52,400 biennial increase; FY 2004 base was \$27,010

These increases represent cost changes of 10 percent annually for both pharmacy and outside medical services.

DP 126 - Mental Health Block Grant - The legislature added \$960,525 federal funds for the mental health block grant each year of the biennium. The 2004 federal fiscal year grant was withheld due to a short fall in the federal fiscal year 2003 maintenance of effort (MOE) paid by Montana. The shortfall occurred because of general fund budget reductions made for mental health during the 2003 biennium. The federal fiscal year 2004 grant has been awarded subsequent to state fiscal year end 2004 with contingency language based on the DPHHS request for a waiver of the MOE requirement.

The mental health block grant funds augment the Mental Health Services Plan (MHSP) and are currently included in the MHSP contracts with mental health centers. Funds appropriated for mental health services during the 2007 biennium are adequate to meet MOE requirements until the Health Insurance Flexibility and Accountability (HIFA) waiver is

implemented.

DP 180 - Authority to Maximize PATH Grant - The federal Projects for Assistance in Transition from Homelessness (PATH) grant is \$300,000 annually. The grant requires a 25 percent state match. In FY 2004, the federal grant was underspent by \$6,402. The legislature approved restoration of the authority for the federal grant of \$12,804 and the required general fund match of \$4,268 over the biennium.

DP 9999 - Statewide FTE Reduction - The legislature accepted the executive request to reduce personal services funding by \$423,000 general fund, equivalent to the cuts taken in the 2003 legislative session. Federal funds were reduced \$35,000 and state special revenue was lowered by \$7,000. The legislature did not remove the FTE slots associated with the funding reduction. The additional vacancy savings are allocated to the state hospital, the nursing care center, and division administration.

### New Proposals

New Proposals										
Sub Program	Fiscal 2006					Fiscal 2007				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50 - MT Mental Health Nursing Care Center Bed Tax										
01	0.00	180,127	0	0	180,127	0.00	211,915	0	0	211,915
DP 58 - Enhance Community Psychiatric Access										
01	0.00	66,987	0	161,715	228,702	0.00	68,428	0	160,274	228,702
DP 70 - Regional Staffing and Operating										
01	3.00	0	0	97,500	97,500	5.00	0	0	162,501	162,501
DP 86 - Staff Training to Reduce Violence and Improve Communication										
01	0.00	35,000	0	0	35,000	0.00	35,000	0	0	35,000
DP 3002 - Mental Health Services										
01	0.00	0	6,500,000	0	6,500,000	0.00	0	0	0	0
DP 3008 - Medicaid Adult Mental Health										
01	0.00	0	198,429	0	198,429	0.00	0	198,429	0	198,429
DP 3707 - Expand Intensive Community-Based Rehabilitation										
01	0.00	0	84,191	203,247	287,438	0.00	0	172,003	402,872	574,875
DP 3708 - Develop Home and Community-Based Waiver										
01	0.00	0	0	0	0	0.00	0	631,601	1,479,364	2,110,965
<b>Total</b>	<b>3.00</b>	<b>\$282,114</b>	<b>\$6,782,620</b>	<b>\$462,462</b>	<b>\$7,527,196</b>	<b>5.00</b>	<b>\$315,343</b>	<b>\$1,002,033</b>	<b>\$2,205,011</b>	<b>\$3,522,387</b>

DP 50 - MT Mental Health Nursing Care Center Bed Tax - The legislature approved about \$392,000 general fund for the biennium to pay the bed tax charged for Montana Mental Health Nursing Care Center at the budgeted FY 2005 level and restricted the appropriation for use only to pay bed taxes. The 2003 Legislature enacted HB 743 to impose the nursing home bed utilization fee on the nursing care center (15-60-101, MCA). The proposal is revenue neutral, as a like amount will be deposited in the general fund.

DP 58 - Enhance Community Psychiatric Access - The legislature added \$135,415 in general fund and \$457,404 in total funds during the biennium to increase the rate paid for community psychiatric services by 20 percent. Base expenditures for psychiatric services were \$994,356. The legislature also added a reporting requirement to track whether the rate increase enhanced access to psychiatric services.

DP 70 - Regional Staffing and Operating - The legislature provided funding for 5.00 new FTE for the mental health program as requested by the executive. The staff will be located in regional offices. The proposal adds \$260,000 of federal funds for the biennium. The general fund portion of staff and operating costs (\$260,000) is removed from the general fund appropriation for MHSP services resulting in no net change to total general fund appropriation levels.

Staff will be responsible for working directly with providers to perform quality assurance and program monitoring, technical assistance regarding DPHHS rules and expectations, policy interpretation, and liaison functions between Helena program managers and local service providers. Staff will undertake specific problem solving for consumer placement and service issues. They will work locally to develop service capacity and provide coordinating activities for communities to be proactive in the service system and would provide initial staff support for Service Area Authorities. The new FTE will work with MSH staff to facilitate movement of individuals between facility-based services and community services.

The legislature added a requirement that 2.00 of the newly funded FTE must work on the development of community crisis services. The legislature also added a reporting requirement so that work accomplishments of the FTE could be monitored by legislators during the interim.

DP 86 - Staff Training to Reduce Violence and Improve Communication - The legislature approved \$70,000 in general fund over the 2007 biennium for state hospital staff training in response to new federal initiatives that call for reducing and eventually eliminating the use of restraint and seclusion interventions in adult and children's inpatient and residential psychiatric programs. This funding will provide training and consultation necessary to help MSH staff develop skills to provide alternative intervention strategies. Programs in use in other state hospitals have resulted in reductions in patient and staff injury rates and improved therapeutic outcomes.

DP 3002 - Mental Health Services - The legislature approved the executive request for \$6.5 million over the biennium in I-149 tobacco tax funding to support the Mental Health Services Plan, which provides prescription drugs and other services for low-income adults with a serious and disabling mental illness. During the 2005 biennium, these services were funded through a one-time diversion of tobacco settlement funds authorized in 17-6-606, MCA (SB 485 passed by the 2003 Legislature).

The executive will use the MHSP state funding in FY 2007 to draw down additional federal Medicaid funds as part of HIFA wavier incorporated into the Medicaid redesign proposal, which will expand Medicaid eligibility to a capped number of persons currently eligible for the 100 percent state funded program. Medicaid redesign proposals are summarized in the DPHHS overview.

DP 3008 - Medicaid Adult Mental Health - The legislature added \$396,858 in I-149 tobacco tax state special revenue over the biennium to continue Medicaid mental health services at the level of the 2005 biennium. During the 2005 biennium, these services were funded through a one time diversion of tobacco settlement funds authorized in 17-6-606, MCA (SB 485 passed by the 2003 Legislature).

DP 3707 - Expand Intensive Community-Based Rehabilitation - The legislature appropriated about \$256,000 of state special I-149 funds and \$606,000 in federal Medicaid matching funds to implement the executive request to add seven beds for intensive community-based rehabilitation for adults with severe and disabling mental illness. The legislature delayed implementation of the proposal until January 1, 2006.

This proposal allows persons to be served in the community who would otherwise remain in a state mental health institution. The legislature first funded this type of service in the 2005 biennium when about 30 persons were moved from the nursing care center to the community.

DP 3708 - Develop Home and Community-Based Waiver - The legislature accepted the executive proposal to implement a home and community-based Medicaid waiver for adults with a severe and disabling mental illness, similar to the waivers already administered for elderly, physically disabled, and developmentally disabled adults. The legislature appropriated about \$0.6 million of state special revenue from I-149 tobacco tax revenue and about \$1.5 million of federal Medicaid matching funds in FY 2007 to implement the waiver. The executive estimates that funding will be sufficient to support about 105 service slots. Depending on the required service intensity, more than 105 persons could be served.



**Addiction Treatment and Prevention Legislative Appropriation**

The following table summarizes the legislative budget appropriation for chemical dependency services and prevention. The table shows appropriations by year, type of expenditure, and source of funding.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	55.25	0.00	0.00	55.25	0.00	0.00	55.25	55.25
Personal Services	2,435,680	21,030	0	2,456,710	25,597	0	2,461,277	4,917,987
Operating Expenses	1,489,144	116,438	0	1,605,582	193,480	0	1,682,624	3,288,206
Grants	5,794,268	84,903	0	5,879,171	334,903	0	6,129,171	12,008,342
Benefits & Claims	1,190,169	496,404	0	1,686,573	622,897	0	1,813,066	3,499,639
Debt Service	14,600	0	0	14,600	0	0	14,600	29,200
<b>Total Costs</b>	<b>\$10,923,861</b>	<b>\$718,775</b>	<b>\$0</b>	<b>\$11,642,636</b>	<b>\$1,176,877</b>	<b>\$0</b>	<b>\$12,100,738</b>	<b>\$23,743,374</b>
General Fund	0	0	39,853	39,853	0	0	0	39,853
State/Other Special	3,194,632	418,563	(39,853)	3,573,342	495,859	0	3,690,491	7,263,833
Federal Special	7,729,229	300,212	0	8,029,441	681,018	0	8,410,247	16,439,688
<b>Total Funds</b>	<b>\$10,923,861</b>	<b>\$718,775</b>	<b>\$0</b>	<b>\$11,642,636</b>	<b>\$1,176,877</b>	<b>\$0</b>	<b>\$12,100,738</b>	<b>\$23,743,374</b>

**Addiction Treatment and Prevention**

The appropriation for addiction treatment and prevention function increases about \$2 million from the FY 2004 base budget to the FY 2007 appropriation, not including amounts that will be distributed for 2007 biennium pay plan increases. Appropriations for chemical dependency services are 13 percent of the total FY 2007 division appropriation.

The largest share of appropriations support grants to local state approved providers that provide treatment and prevention services, accounting for about \$7 million in federal funds per year and rising \$2 million annually from base budget expenditures. This amount does not include statutory appropriations from the alcohol tax state special revenue account that are passed through to state approved programs, which are anticipated to be about \$3 million per year.

The Montana Chemical Dependency Center (MCDC) receives the second largest appropriation at about \$3.4 million in state special revenue and federal grant authority each year of the biennium. MCDC also receives funding for 48.25 FTE. Adjustments for overtime and operating cost increases add about \$0.3 million in federal authority over the biennium.

Medicaid chemical dependency services grow from about \$1.5 million to \$1.8 million. The state match is funded with alcohol state special revenue.

The final significant appropriation adjustment was made to correct an accounting error that removed funds from the benefits category of expenditure. Correcting that adjustment adds about \$0.5 million in alcohol tax state special revenue over the biennium.

Figure 46 shows the total appropriation for chemical dependency Medicaid services, including a funding shift to account for lower federal Medicaid matching rates during the 2007 biennium than in the base budget.

Figure 46						
Total Chemical Dependency Medicaid Appropriation - Addictive and Mental Disorders Division						
Base Budget, Present Law and New Proposal Decision Packages	SSR	FY 2006 Federal	Total	SSR	FY 2007 Federal	Total
FY 2004 Base Budget	\$359,112	\$1,100,334	\$1,459,446	\$359,112	\$1,100,334	\$1,459,446
Present Law Changes						
DP 99 - Caseload Change	\$66,525	\$160,601	\$227,126	\$105,803	\$247,816	\$353,619
DP 103 - Enhanced Federal Match Rate	37,712	(37,712)	0	37,712	(37,712)	0
DP 104 - FMAP Adj. - 2007 Biennium	30,648	(30,648)	0	39,843	(39,843)	0
Subtotal Present Law	\$493,997	\$1,192,575	\$1,686,572	\$542,470	\$1,270,595	\$1,813,065
Percent Increase Over Base Budget	38%	8%	16%	51%	15%	24%

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				90,658					95,417
Vacancy Savings				(101,052)					(101,244)
Inflation/Deflation				(535)					(516)
Fixed Costs				16,889					33,947
<b>Total Statewide Present Law Adjustments</b>				<b>\$5,960</b>					<b>\$27,604</b>
DP 97 - MT Chemical Dependency Center Present Law Adjustments	0.00	0	100,084	100,084	0.00	0	0	160,049	160,049
DP 99 - Medicaid Caseload - Chemical Dependency	0.00	0	66,525	160,602	0.00	0	105,803	247,817	353,620
DP 103 - FMAP Enhancement Adjustment - Chemical Dependency	0.00	0	37,712	(37,712)	0.00	0	37,712	(37,712)	0
DP 104 - FMAP Adjustment - Chemical Dependency	0.00	0	30,648	(30,648)	0.00	0	39,843	(39,843)	0
DP 105 - MT Chemical Dependency Center Base Adjustments	0.00	0	17,704	13,720	0.00	0	24,887	6,537	31,424
DP 132 - Substance Abuse Prevention Treatment Increase	0.00	0	250,000	250,000	0.00	0	0	500,000	500,000
DP 179 - Discontinue State Incentive Grant Authority	0.00	0	(165,097)	(165,097)	0.00	0	0	(165,097)	(165,097)
DP 181 - Correct Accounting Error	0.00	0	269,277	269,277	0.00	0	269,277	0	269,277
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$421,866</b>	<b>\$290,949</b>	<b>0.00</b>	<b>\$0</b>	<b>\$477,522</b>	<b>\$671,751</b>	<b>\$1,149,273</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$718,775</b>					<b>\$1,176,877</b>

DP 97 - MT Chemical Dependency Center Present Law Adjustments - The legislature added \$260,133 alcohol tax state special revenue over the biennium for several cost increases anticipated at the Montana Chemical Dependency Center (MCDC). Funding supports inflation in outside medical services delivered by other health care providers, pharmacy costs, and other replacement equipment and leases. Also included is non-state building rent and food contract increases. Base year costs for these items were about \$900,000, with food and rent costs comprising more than 67 percent of the total base year costs.

DP 99 - Medicaid Caseload - Chemical Dependency - The legislature approved \$580,747 total funds, including \$172,328 in state special revenue, over the biennium for Medicaid caseload growth in the chemical dependency program. Caseloads are anticipated to grow by about 6 percent per year from the base budget level of \$1,459,446.

DP 103 - FMAP Enhancement Adjustment - Chemical Dependency - The legislature approved \$37,712 of alcohol state special revenue each year of the biennium, with an offsetting decrease in federal funds, to reflect the one-time enhancement in the federal Medicaid rate in FY 2004. The enhancement was enacted as part of federal fiscal relief for states. DP 26 includes funding changes for adult mental health services for the same issue.

DP 104 - FMAP Adjustment - Chemical Dependency - The legislature added \$70,491 alcohol tax state special revenue over the biennium, with an offsetting decrease in federal funds, due to projected changes in the federal Medicaid match rates in FY 2006 and FY 2007. This adjustment reflects the state match necessary to maintain the level of FY 2004 expenditures, not including any caseload or service utilization increases over the 2007 biennium. DP 32 includes funding changes for adult mental health services for the same issue.

DP 105 - MT Chemical Dependency Center Base Adjustments - The legislature approved \$42,591 in state special

revenue and \$20,257 in federal funds over the biennium for personal services costs at the Montana Chemical Dependency Center (MCDC). These services include holidays worked, overtime, differential, and physician on-call necessary to maintain minimum staffing requirements at a 24 hour day, seven day a week facility. These personal services costs are removed from the base budget and must be reauthorized by the legislature each biennium. The amount requested is equal to the amount expended in the FY 2004 base budget.

DP 132 - Substance Abuse Prevention Treatment Increase - The legislature approved \$750,000 in additional federal authority over the biennium from the Substance Abuse and Prevention Treatment Block Grant to help expand existing services including alcohol and drug treatment and prevention programs. The grant is used for community chemical dependency services for adults and adolescents. The grant funds are intended to help the state develop an effective system of chemical alcohol and drug treatment and prevention programs.

DP 179 - Discontinue State Incentive Grant Authority - The legislature reduced \$165,097 federal funds each year of the biennium due to discontinuation of the State Incentive Grant, which was completed in FY 2004. This grant supported training assistance to communities to assist in planning for alcohol prevention and programming.

DP 181 - Correct Accounting Error - This legislature added \$538,554 alcohol tax state special revenue over the biennium to correct an accounting error. A fiscal-year-end adjustment to reduce state special revenue and increase federal funding for personal services was incorrectly recorded in the state accounting system. The federal funds increase was made in personal services and the state special revenue reduction was recorded in benefits and services. Since personal services is based on a snapshot of FTE costs, the correct amounts carried forward. However, the reduction in benefits and services also carried forward, understating costs for MCDC.

### New Proposals

New Proposals										
Sub Program	FTE	Fiscal 2006				Fiscal 2007				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 193 - Chemical Dependency Admin Fund Switch 02	0.00	39,853	(39,853)	0	0	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$39,853</b>	<b>(\$39,853)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

DP 193 - Chemical Dependency Admin Fund Switch - The legislature authorized about \$40,000 general fund in FY 2006 to cover a shortfall in the alcohol tax state special revenue account. This amount was about \$60,000 less than requested in the executive budget (\$101,192 general fund over the biennium). The reduction in the general fund request was made by the legislature because a one-time expenditure for \$40,000 of state special revenue was carried forward in the base budget and in each year of the 2007 biennium. After removing the one-time expenditure, there was \$80,000 more alcohol tax revenue projected to be available to offset most of the general fund requested by the executive.

As discussed in the AMDD overview, the alcohol state special revenue account is expected to be in deficit position each year of the 2007 biennium. While the legislature offset part of the deficit, increases for state pay plan authorized in HB 447 were not offset and

**Division Administration Legislative Budget**

The following table summarizes the legislative appropriation for the division administration function of AMDD. The table shows appropriations by year, type of expenditure, and source of funding.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	14.00	0.00	0.00	14.00	0.00	0.00	14.00	14.00
Personal Services	662,682	89,716	757,873	1,510,271	89,351	1,963,628	2,715,661	4,225,932
Operating Expenses	205,855	66,329	0	272,184	68,777	0	274,632	546,816
Debt Service	3,260	0	0	3,260	0	0	3,260	6,520
<b>Total Costs</b>	<b>\$871,797</b>	<b>\$156,045</b>	<b>\$757,873</b>	<b>\$1,785,715</b>	<b>\$158,128</b>	<b>\$1,963,628</b>	<b>\$2,993,553</b>	<b>\$4,779,268</b>
General Fund	407,856	121,762	665,755	1,195,373	123,240	1,722,651	2,253,747	3,449,120
State/Other Special	21,944	(2,459)	75,146	94,631	(2,409)	196,437	215,972	310,603
Federal Special	441,997	36,742	16,972	495,711	37,297	44,540	523,834	1,019,545
<b>Total Funds</b>	<b>\$871,797</b>	<b>\$156,045</b>	<b>\$757,873</b>	<b>\$1,785,715</b>	<b>\$158,128</b>	<b>\$1,963,628</b>	<b>\$2,993,553</b>	<b>\$4,779,268</b>

**Division Administration**

Division administration for AMDD is about 3 percent of the FY 2007 total division appropriation. The most significant increase is a new proposal for pay plan for the entire division, which adds about \$0.8 million in FY 2006 and nearly \$2 million in FY 2007, largely funded from the general fund. Pay plan is recorded in the administration function, but will be allocated among functions in AMDD. The majority of the pay plan allocation will go to the state institutions administered by the division.

Statewide present law adjustments for annualization of the 2005 biennium pay plan and fixed cost changes account for about 75 percent of the present law increase. The other major change is the addition of federal grant funds to continue development of a management information system.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				156,198					156,459	
Vacancy Savings				(32,756)					(32,766)	
Inflation/Deflation				(89)					(86)	
Fixed Costs				780					835	
Total Statewide Present Law Adjustments				\$124,133					\$124,442	
DP 55 - Division Central Office Rent										
0.00	2,783	139	1,716	4,638	0.00	4,217	211	2,600	7,028	
DP 107 - Continue Data Infrastructure and Integration Grant										
0.00	0	0	75,000	75,000	0.00	0	0	75,000	75,000	
DP 9999 - Statewide FTE Reduction										
0.00	(26,750)	(3,360)	(17,616)	(47,726)	0.00	(27,106)	(3,389)	(17,847)	(48,342)	
Total Other Present Law Adjustments										
0.00	(\$23,967)	(\$3,221)	\$59,100	\$31,912	0.00	(\$22,889)	(\$3,178)	\$59,753	\$33,686	
Grand Total All Present Law Adjustments				\$156,045					\$158,128	

DP 55 - Division Central Office Rent - The legislature added \$7,000 general fund, \$350 state special revenue, and \$4,316 federal funds over the biennium to maintain contracted rent increases for the central office. The building lease rate increases 2 percent annually.

DP 107 - Continue Data Infrastructure and Integration Grant - The legislature approved the executive request for \$150,000 in federal funds over the biennium to continue development of a uniform management information system. Base expenditures were about \$70,000. The grant finances state efforts to prepare data systems for the Substance Abuse and Mental Health Services Administration conversion to performance partnership grants as required by Congress. Performance partnership grants will become outcome and performance-based. Management and accounting for the federal mental health services block grant also will be affected by this change.

DP 9999 - Statewide FTE Reduction - The legislature accepted the executive request to reduce personal services funding by \$100,000 general fund, equivalent to the cuts taken in the 2003 legislative session. Federal funds were reduced \$35,000 and state special revenue was lowered by \$7,000. The legislature did not remove the FTE slots associated with the funding reduction. The additional vacancy savings are allocated to the state hospital, the nursing care center, and division administration.

### New Proposals

New Proposals										
Sub Program	Fiscal 2006					Fiscal 2007				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6010 - 2007 Biennium Pay Plan - HB 447										
03	0.00	665,755	75,146	16,972	757,873	0.00	1,722,651	196,437	44,540	1,963,628
<b>Total</b>	<b>0.00</b>	<b>\$665,755</b>	<b>\$75,146</b>	<b>\$16,972</b>	<b>\$757,873</b>	<b>0.00</b>	<b>\$1,722,651</b>	<b>\$196,437</b>	<b>\$44,540</b>	<b>\$1,963,628</b>

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the allocation of costs to this program to fund the pay plan and the division will allocate pay plan funding among all functions in the division.

### Language

The legislature approved the following language for inclusion in HB 2. The Governor has indicated his intent to line-item veto the language illustrated in *italic*. However, his authority to do so is questioned and may be challenged through legal action.

“Addictive and Mental Disorders Division includes funding for 3.00 FTE in fiscal year 2006 and 5.00 FTE in fiscal year 2007. Funding for 1.00 FTE in fiscal year 2006 and 2.00 FTE in fiscal year 2007 is added to ensure that the addictive and mental disorders division has adequate resources to plan for and implement development of community mental health crisis services. The department shall prepare a report for the legislative finance committee and include: the hire date for all FTE, including those who will support crisis services planning and implementation; the plan adopted by the division for development and implementation of community crisis services; and the progress made toward implementation of the plan. The report must also include information describing the other duties performed by the FTE and provide outcome measures to facilitate legislative evaluation of the effectiveness of the regional FTE. The department shall report to the legislative finance committee by September 1, 2005, and every 6 months thereafter.

Addictive and Mental Disorders Division includes funding for a rate increase for psychiatric services. *The department shall report to the legislative finance committee by September 1, 2005, and every 6 months thereafter on the amount of rate increase given, the number of services provided, and assessment of whether the rate increase facilitated access to psychiatrists for low-income persons with a serious and disabling mental illness.*

Funds in PACT Services (Restricted) may be used only for the program for assertive community treatment (PACT). *The*

*department shall report to the legislative finance committee by September 1, 2005, and every 6 months thereafter on the number of PACT teams, number of persons served in PACT, and PACT outcome measures tracked by the department.*

In fiscal year 2006, funds in Mental Health Services Plan (Biennial/Restricted) may be used only for the mental health services program authorized in 53-21-702(2) and for state medicaid matching funds to implement Senate Bill No. 110.”